



April 16, 2019

Sent Via Electronic Mail

Governor Mike Dunleavy

State of Alaska

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Dear Governor Dunleavy,

Thank you for agreeing to meet with us regarding your plan to close the state's \$1.6 billion dollar budget gap over the next year, starting with your budget proposal for fiscal year 2020. While state business ultimately prevented you from attending our April 11 meeting, Office of Management and Budget Director Donna Arduin, Revenue Commissioner Bruce Tangeman, and Policy Advisor John Moller were incredibly gracious with their time.

As you know, the Alaska Federation of Natives has met with you and your Administration three times now. On February 1 and February 12 we discussed your priorities for the state, and on April 11 we discussed your permanent fiscal plan. All of the meetings have been amiable, however, we remain deeply concerned.

A clear and equitable fiscal policy is critical to good government. We know you understand this. Our staff attended several of your 'Roadshow' meetings, events, and gatherings last month in which you further laid your budget proposals 'out in the open.' Regrettably, neither the information shared there nor in our meetings over the last few months have satisfactorily explained your Administration's position. As such, we must oppose your budget proposals unless and until this information is shared, and we can make informed decisions.

By example, last week we asked Ms. Arduin, Commissioner Tangeman, and Mr. Moller **why** there was a spike in state spending in 2008, and **what** the money was spent on. None of them knew, but Ms. Arduin was certain it was 'wasted.' If your Administration believes the Legislature kicked off an irresponsible spending spree a decade ago, and continues to recklessly appropriate public funds, we need to know **how** you reached that conclusion. We want to understand **where** it went wrong, and **who** made those decisions. When we asked as much last week, Ms. Arduin told us to 'pull out old capital budgets.' Yesterday Mr. Moller followed up with a capital budget graph, detailing total amounts spent since fiscal year 2010, and we thank him for it, but the information is still lacking. Respectfully, Governor Dunleavy, this type of response, coupled with oversimplified chart and line graphs, does not lend itself to us finding your Administration's assertions credible.

An unbiased educational campaign, coupled with meaningful public engagement, is necessary for Alaskans to grasp your permanent fiscal plan. We know you understand this. We believe the 'Roadshow' was your Administration's attempt to educate and engage Alaskans. However,

because the meetings, events, and gatherings were funded and promoted by a conservative-libertarian special interest group from the Lower 48—and this detail was not initially disclosed—Alaskans were skeptical. We strongly encourage you to try another approach.

The Alaska House of Representatives recently passed a budget that restored some of the cuts your Administration proposed, and we commend them for it. We support state funding for constitutionally mandated items such as education, as well as essential state programs and services that individual Alaskans cannot provide for themselves. These areas include public safety, health care, and infrastructure. We hope the Senate will continue to listen to Alaskans as they take up the budget over the next few weeks.

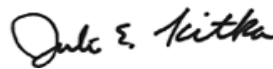
Further, we understand that your three proposed constitutional amendments have gained some traction from the Legislature. We appreciate Mr. Moller sharing your PowerPoint presentation with us earlier this week. We understand the basic premises of your proposals, and are actively exploring whether other alternatives might be more suitable for Alaskans.

AFN is not anti-development. Rather, we support responsible development of the state's natural resources, and the jobs and infrastructure that comes with it. We appreciate that your Administration is trying to end the 'boom and bust' spending cycle that has been prevalent since statehood. However, we worry that your approach is misguided, and that the equity owed to all Alaskans, as well as the state treasury, is missing.

Governor Dunleavy, we call on your Administration to put aside the divisive rhetoric that inflames emotions and clouds judgment, and to work with the Legislature to give us a good state government that is driven by Alaskans. Alaska is not poor. The state's treasury has more than \$60 billion dollars sitting in the Permanent Fund alone. We cannot cut our way to prosperity. Prosperity comes from investing in our future, and demanding an open and transparent government. If we can overcome divisive rhetoric, and engage Alaskans, we can make the state more than a 'warehouse of natural resources.' There is no reason that the other parts of the country are 'booming' due to innovation and technology, but Alaska is 'busting'—stuck on the sidelines (or going backwards).

AFN remains committed to working with you and your Administration to bring about good government, driven by Alaskans. We need to be less focused on spending and revenue: and more focused on priorities. By cutting (or gutting) education, public safety, health, and infrastructure, your Administration has departed from the priorities most Alaskans hold near. These basic needs cannot be pushed aside as a math exercise in balancing the budget.

Sincerely,



Julie Kitka  
President

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